**Insurance and Real Estate Committee**
**March 15, 2012**
**American Cancer Society Testimony**

FTR

**HB 5485 - An Act Concerning The Connecticut Health Insurance Exchange.**

The American Cancer Society is in the business of saving lives, which means preventing cancer or finding it early, seeking new cures, and caring for those in treatment. Throughout the health care reform legislative process, we have used the "cancer lens" to focus our efforts on achieving specific goals within the legislation. Now, after shifting to implementation of the law, we continue to use the "cancer lens" to guide all of our recommendations.

The Patient Protection and Affordable Care Act ("PPACA") requires the creation of state-based health insurance exchanges for individuals and small businesses to purchase insurance by January 1, 2014. Exchanges are essentially organized insurance marketplaces, which, if they are designed and function well, could provide consumers with a "one-stop shop" to compare and purchase health insurance and enroll in public coverage programs, as well as use the power of a large risk pool to generate competition among health plans based on quality and cost.

The Congressional Budget Office estimates that by 2019, they will serve as a gateway for an estimated 29 million consumers to access coverage. In Connecticut alone, it is estimated that the Exchange will cover one in ten consumers.

Last year, this Legislature along with input from stakeholders, experts, consumers and constituents, passed one of the strongest Exchange laws in the country, PA 11-53. The bill before you today, HB 5485– An Act Concerning the Connecticut Health Insurance Exchange, would make some changes and clarifications to the duties of the exchange.

The American Cancer Society supports HB 5485, however we are concerned that Sec. 2. (1), of the bill stipulates a single exchange for both individuals and employers yet Sec. 2. (13), creates a separate market for small employers. The greatest purchasing power comes from a single, large pool. Segmenting the market to small businesses, individuals will result in everyone losing by paying more.

Additionally, Sec. 2. (14) is problematic—the exchange should collect and administer premiums as part of its normal administrative functions, not give others a choice about it.

The ACA makes a range of reforms to the private health insurance market. It provides not only for the creation of health benefit exchanges but also adds consumer protections to health plans offered both inside and outside of the exchanges. One important protection is the establishment of a package of essential health benefits (EHB) that will help assure

certain plans — including all exchange plans — provide adequate benefits to their enrollees.

HB 5485 provides that the Insurance Committee shall have the power to select a benchmark plan, as outlined in the HHS Essential Benefits Informational Bulletin issued on December 26, 2011. Such plan would be selected by May 8, 2012 and would be the standard for plans available in the exchange as well as those plans available outside the exchange. The benchmark plan would be subject to approval by the General Assembly.

The EHB is a critical component. The ACA links the EHB package to certain cost-sharing limits — plans that are required to offer the EHB package will also be required to limit the cost- sharing they charge which will make a huge difference in the affordability of plans. Specifically, plans providing the package will be prohibited from imposing an annual cost-sharing limit that exceeds the limits that apply to high deductible plans linked to health savings accounts. Currently, those limits are $5,950 per year for individuals and $11,900 per year for families. Further, small group plans must limit deductibles to $2,000 for individual coverage and $4,000 for family coverage. As with other health plans under the reform law, deductibles must not apply to evidence-based preventive health services, including those that have an A or B rating in the current recommendations of the United States Preventive Services Task Force.

As such, while we recognize the May 8 deadline coincides with the end of session, the critical importance of the EHB necessitates sound, reasoned deliberations and debate with opportunities for consumer input. The May 8 deadline should be extended to provide opportunity to input and debate with acceptance of a benchmark plan by the General Assembly no later than September 30, 2012.

The new health insurance exchanges are critical to the success of health care reform. In order for cancer patients and their families to feel confidence and trust in their ability to access, choose, and purchase comprehensive health insurance that meets their needs, critical challenges related to the design, implementation and governance of these new exchanges must be met.

The American Cancer Society stands ready and willing to work with the members of this committee other members of the Legislature and all stakeholders to make the State Health Insurance Exchange a strong source of information and choices for consumers.

#####